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27 JUL 1955

MEMORANDUM FOR: Project Review Committee

THROUGH : Deputy Director/Intelligence

SUBJECT : Proposed Personal Service Contract with [REDACTED]

REFERENCE : Memorandum from Assistant Director for Research and Reports, Through DD/I, to Chief, [REDACTED] OO, dated 2 February 1955, Subject: [REDACTED] (Tab A)

1. Problem:

To procure and exploit Soviet industrial information possessed by [REDACTED] for contribution to intelligence research projects currently programed by ORR.

2. Facts Bearing on the Problem:

a. ORR is responsible for economic research in all aspects of Soviet industry and related fields.

b. In execution of this research responsibility all available sources of pertinent information should be exploited to the maximum possible extent.

c. [REDACTED] has had extensive experience in the development and operations of the armaments and machine tool industries within the USSR from 1934 to 1948.

d. This Office, under an interim arrangement with the Office of Operations (Tab A), levied several requirements upon [REDACTED] during the period 1 February 1955 through 30 April 1955.

3. Discussion:

a. During the period 1 February 1955 through 30 April 1955 ORR submitted several substantive intelligence requirements to [REDACTED] under an interim arrangement with the Office of Operations (Tab A). [REDACTED] contributions have been translated, reviewed, and evaluated in terms of existing data and found to be of excellent quality.

b. [REDACTED] possesses information which has substantial intelligence value to the industrial research program of ORR. Based upon [REDACTED] statements as to the type of information which he can provide

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about the Soviet armament industry and machine tool plants including levels of production, wage determination factors and comparative living standards of the Soviet industrial labor force, plant organization, and plant management policies, (Tab C) it is felt that CIA should make immediate arrangements to procure and evaluate this information as rapidly as possible.

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c. Specific requirements have been prepared by this Office which will be transmitted to [REDACTED] immediately upon the execution of a satisfactory personal service contract.

4. Recommendation:

It is recommended that the Office of Research and Reports be issued approval to utilize the services of [REDACTED] under a personal service contract for a period of one year at the rate of \$3.00 per hour not to exceed a total expenditure of \$4,500. Funds for this contract have been included in the Fiscal Year 1956 ORR Operating Budget under Allotment Account No. 6-5701-10.

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[REDACTED]
OTTO E. GUTHE
Assistant Director
Research and Reports

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APPROVED:

/s/ Robert Amory, Jr. *
DD/I

3 Aug. 55
Date

* Funds are available within the 1956 budget allocation to ORR. The Comptroller has been advised accordingly.

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